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### ***NEWS RELEASE***

FOR IMMEDIATE RELEASE

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## **Nethercutt blasts USDA for unfair release of wheat reserves**

*Congressman asks USDA Inspector General to investigate  
'predatory' actions that cost local grain elevators nearly \$1 million*

WASHINGTON – U.S. Rep. George Nethercutt (R-Wash.) is taking the U.S. Department of Agriculture to task over the unfair release of reserve wheat stocks earlier this month. Nethercutt has asked the USDA Acting Inspector General, Joyce Fleischman, to investigate whether any wrongdoing occurred in connection with a change in policy that is costing local grain elevators nearly \$1 million.

The requested investigation is in reference to the release of 275,000 thousand metric tons (10.1 million bushels) of reserve wheat by the USDA's Commodity Credit Corporation (CCC) to be sold to finance food aid donations by the U.S. to southern Africa for drought relief.

For the past 20 years, a procedure has been in place limiting the percentage of sale of CCC's inventory in any one warehouse to soften the economic impact on individual businesses. Without due notice of a change in procedure for releasing reserve stocks, USDA abruptly changed policy and released the CCC wheat without guidelines or restrictions. This major change in procedure allowed buyers to select at their discretion all of the reserve grain stored in small warehouses as well as companies with competitive shipping facilities.

"Elevators know that stored reserve wheat could be called at any time, but the government had set a precedent of limiting the total amount for sale from any one warehouse. Farmers expect the government to have a consistent policy. These kind of abrupt changes thrust farmers already facing uncertainty into even greater turmoil," Nethercutt said.

"The affected warehouse companies, some of which are within my Congressional district, have been thrust into extreme financial hardship by this change in USDA policy," Nethercutt said in his letter to Fleischman requesting the investigation. **"The grain storage industry is very competitive and an action by USDA that encourages a predatory policy by buyers which directly compete with these small local elevator companies is unfair.** In my district alone, \$900,000 of annual storage revenue has been taken from seven small companies."

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Nethercutt also noted in his letter that buyers of the reserve wheat have CCC owned wheat stored in their own warehouses, but chose to exclude their own wheat from this purchase.

“These large, foreign-owned export companies continue to receive income from the storage of government-owned wheat while their predatory actions deprive little companies and competitors of all income from CCC storage.”

“The warehouse industry, its farmer customers, and ultimately CCC, are best served when the government operates predictably when determining and implementing policies and procedures, particularly those that can create an adverse economic impact on a troubled agricultural economy. The reason for this sudden and unannounced change in policy by USDA that allows buyers to prey upon small companies is unethical and should be thoroughly investigated. **Small elevators that have a large investment in grain handling and storage facilities should not be subject to a predatory policy created by USDA.**”

Nethercutt has requested more data on the sale from the USDA via the Agriculture Appropriations Subcommittee, of which he is a member. It was requested that data be provided by July 29.

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